Futures trading

1235. SHRI SYED AZEEZ PASHA: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government have any intention of doing way with the futures trading which is playing havoc with the lives of common men of this country by causing immense price rise;

(b) whether Government have any specific plan of action that can correct the defective system of futures trading; and

(c) whether Government have done a thorough study into the factors that cause recurring price rise due to persistent shortage of perishable commodities of everyday use like onions and other vegetables?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) In the context of discussion regarding whether and to what extent futures trading has contributed to price rise in agricultural commodities in recent times, the Government has set up an Expert Committee on 2-3-07 under the Chairmanship of Professor Abhijit Sen, Member, Planning Commission to study, *inter alia*, the extent of impact, if any, of futures trading on wholesale and retail prices of agricultural commodities.

Forward Markets Commission (FMC) which is the Regulator for commodity futures trading under the provisions of the Forward Contracts (Regulation) Act, 1952, *vide* letter dated 23.01.2007 has directed the three National Exchanges, namely (i) Multi Commodity Exchange of India Ltd., (ii) National Commodity & Derivatives Exchanges Ltd., (iii) National Multi Commdity Exchange of India Ltd. to delist all contracts of tur and urad and to close out all outstanding positions in all tur and urad contracts at the closing price on 23.01.2007. FMC has also stated that no further contract shall be launched without its prior approval, and permission already granted to launch contracts in urad and tur stand withdrawn.

Besides, FMC has on 27.2.2007 directed all the three National Exchanges that no new wheat and rice contracts be launched. In the letter to the Exchanges, FMC has stated that permission already granted for yet to be launched contracts stands revoked and that in respect of running contracts in these commodities no new position should be allowed to be taken. Only squaring up positions should be allowed.

running contracts in these commodities no new position should be allowed to be taken. Only squaring up positions should be allowed.

(b) FMC has prescribed various regulatory measures such as limit on open position, daily margins, limit on daily price variation etc. to ensure orderly trading in the futures market. Besides, the Government has introduced Forward Contracts (Regulation) Amendment Bill, 2006 in the Lok Sabha on 21.03.2006. The Bill, *inter alia*, seeks to enhance the regulatory powers of FMC in order to empower it to regulate the Commodity Futures Market in a more effective manner.

(c) No thorough study of this nature has been done in the recent past. The production of onion during the year 2005-06 increased to 82.3. lakhs MTs from the level of 75.15 lakh MTs in the previous year. However, prices of onion and other vegetables are subject to fluctuations on account of a variety of factors such as seasonality of production, perishability, exports etc.

Complaints regarding irregularities in foodgrains distribution system

†1236. DR. PRABHA THAKUR: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the number of people benefited in different States from Antyodaya Anna Yojana during the last two years;

(b) the details of the amount of foodgrains lifted under this scheme, State-wise during the last two years;

(c) whether the fixed quantity of foodgrains is indeed reaching to the targeted groups of people and whether any study has been conducted to find out this;

(d) whether the different State Governments have received complaints regarding irregularity in the foodgrains distribution system and if so, the details thereof; and

(e) the details of steps being taken by Government for redressal of such complaints?

†Original notice of the question was received in Hindi.